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This year's Annual Report is dedicated to the 100,000 employees, who develop, manufacture, sell and service hundreds of different Singer products in all the nations of the Free World.

AR21

SINGER
DIVERSIFIED • WORLDWIDE

30 Rockefeller Plaza, New York, N.Y. 10020

The Singer Company
Report of the Annual Meeting
of Shareholders, April 27, 1967,
and Interim Statement

Printed in U.S.A.



To the Shareholders:

We herewith submit a report covering results for the three months ended March 31, 1967 with comparative figures for the corresponding period of 1966, together with a report of the Annual Meeting of shareholders held on April 27, 1967.

Sales for the first three months of 1967 amounted to \$264 million, an increase of 6.6 per cent over sales of \$250 million for the first three months of 1966. Per share earnings in 1967 were \$1.09 compared to \$1.02 in 1966, a 6.9 per cent increase.

Net income amounted to \$11,525,000, compared to \$10,967,000 for the corresponding quarter of 1966.

There was an average of 10,530,162 shares outstanding during the period compared with 10,794,536 shares in 1966.

A quarterly dividend of 55 cents per share was declared on April 27, 1967, payable June 12, 1967 to shareholders of record May 19, 1967.

On May 11, 1967, the Company announced an agreement in principle to acquire all of the assets and business of Still-Man Manufacturing Corporation of New York City for approximately \$9 million. For the year 1966, Still-Man earned \$744,780 on sales of \$8,700,000. It manufactures tubular electric heating elements for the space heating and appliance industries and will be operated as a part of the Climate Control Division. The agreement is subject to the approval of the Board of Directors of both companies, and in the case of Still-Man by its shareholders.

Donald P. Kircher

May 16, 1967

PRESIDENT

Consolidated Statement of Income

THE SINGER COMPANY AND CONSOLIDATED SUBSIDIARIES

	Three Months Ended March 31 (Amounts in Thousands)	
Income:	1967	1966
Net sales	\$263,984	\$249,968
Other income	2,236	1,740
	<u>266,220</u>	<u>251,708</u>
Costs and Expenses:		
Costs and other operating charges	137,075	129,838
Selling and administrative expenses	104,456	99,020
Interest	5,412	4,135
Provision for Federal and foreign income taxes	7,752	7,748
	<u>254,695</u>	<u>240,741</u>
NET INCOME	<u>\$ 11,525</u>	<u>\$ 10,967</u>
Net income-per share	\$1.09	\$1.02

The above statement is subject to year-end adjustment and audit.

Report of the Annual Meeting

The Ninety-Third Annual Meeting of shareholders of The Singer Company was held at The Plaza Hotel in New York on Thursday, April 27, 1967. Donald P. Kircher, President of the Company, presided at the meeting.

Approximately 300 shareholders attended the meeting. There were represented in person, or by proxy, holders of 9,196,522 shares, which was over 87 per cent of outstanding shares.

The following were elected to the Board of Directors of the Company:

GEORGE W. BALL	HENRY R. LABOUISSSE
CHARLES F. BRUDER	ARTHUR E. PETTIT
STEPHEN C. CLARK, JR.	DONALD G. ROBBINS, JR.
GILBERT W. FITZHUGH	PHILIP R. SAMWELL
DONALD P. KIRCHER	JAMES A. TRAINOR
ELLIOTT E. VOSE	

Messrs. Clark and Pettit were elected to constitute the Profit Sharing Plan Committee.

The appointment of Peat, Marwick, Mitchell & Co. as independent auditors of the Company for the year 1967 was ratified.

An amendment to the Company's Certificate of Incorporation, including the authorization of a class of preferred stock, authority to issue convertible debt securities and the elimination of pre-emptive rights was adopted as was the 1967 Stock Option Plan.

The address which Mr. Kircher delivered at the meeting is set forth in full on the following pages together with a summary of discussions which took place during the meeting and at the conclusion of Mr. Kircher's report.

Donald P. Kircher, President,
presided at the meeting
and addressed the shareholders.



President's Address to Shareholders

At the outset I should like to refer to the fact that this meeting marks the retirement from our Board of two distinguished men, each of whom was greatly influential in the history of the Company and in building it to its present position. I refer to Milton C. Lightner and Walter S. Johnson.

RETIRING DIRECTORS

Mr. Lightner was an Officer of the Company for thirty-four years and a Director for thirty-nine. He was a senior Vice President during the war years and in the immediate postwar period. He became President in 1949 and served as head of the Company until 1958 and as Chairman through 1961. He was required to cope with the extraordinarily difficult and complex problems brought upon the Company by the devastation and disruption of the war and its aftermath. He dealt with these so effectively that in the postwar period the Company's business was rapidly re-established in the devastated areas of the world. In the period of the 1950's he succeeded in laying the foundations for many of the results his successors have been able to achieve since that time. His counsel and guidance have been invaluable to us not only in his capacity as an Officer and Director but also in a personal sense to those of us who have had the privilege of association with him.

Mr. Johnson has had an extraordinary business career. He was one of the founders of the Friden company in 1934 and was President of Friden from 1945 until 1963 at the time of its merger into The Singer Company. Thereafter

he was Chairman of Friden and a Singer Director. He was the principal architect of the growth and expansion of the Friden business from very small beginnings to its present size and position. His personality and vision were as dramatically effective in the development of Friden as were Mr. Lightner's in the case of Singer. Both Mr. Lightner and Mr. Johnson will be sorely missed from our councils.

NEW DIRECTORS NAMED

As you know, we have nominated George W. Ball and Elliott E. Vose as the new members of the Board. Mr. Ball's career is well known to the American public by virtue of his service in a series of important posts in Washington, culminating in his outstanding record as Under Secretary of State. We are fortunate indeed that he has agreed to join us. Mr. Vose was recently appointed a Group Vice President of the Company in charge of an International Group comprising our operations in Latin America, the Far East, and Africa and the Near East. Prior to this appointment he had been the officer in charge of our operations in Latin America since 1961, and many of you may recall that I have had in recent years the pleasure of reporting on the steady growth and success of our business in Latin America.

With respect to our operations in 1966, there is little I can add to what was published in the Annual Report. As previously noted, our sales exceeded a billion dollars for the first time and earnings per share rose ten per cent to a record level.

More than 300 shareholders were present in the Grand Ballroom of The Plaza Hotel in New York where the meeting was held.



In connection with the Annual Report, I call your particular attention to the fact that for the first time we reported the sales and earnings of each of the three major product segments of our business. This represents a new advance in meaningful reporting and gives shareholders greater information and opportunity to analyze the Company's operations. You will note that this breakdown reveals that growth during the year was reasonably well-balanced among our major product groups—that is, consumer products, industrial products, and business machine products. You will also observe that the earnings contributions of these major product groups were also reasonably well-balanced in the sense that there were no wide disparities in the volume-profit relationships.

SALES OF ALL PRODUCTS GROW

It is also significant that our dependence upon a single product line—sewing machines—continues to diminish as total sales of other products grow at faster rates than sewing products. Of course, we have no intention of deprecating the importance of our basic sewing machine business, which grew by \$25 million of sales in 1966 and continues to provide the stable, profitable and moderately growing base for the further expansion of our total business.

With respect to the current year, I am pleased to report that we have had a moderately good first quarter in spite of the fact that the American economy has definitely slowed from its earlier pace. Consolidated sales in the first quarter were \$264 million, an increase of 5.6 per

Shareholders listened intently as Mr. Kircher announced first quarter earnings for 1967 and forecast good results for the entire year.



cent over the first quarter of 1966. Consolidated earnings were \$11,525,000 or \$1.09 per share compared with earnings of \$10,967,000 or \$1.02 per share in the corresponding period of the previous year. The increase in per share earnings was 6.9 per cent, slightly more than the percentage increase in total earnings because the number of outstanding shares was somewhat less than last year.

UNITED STATES OPERATIONS

Our operations in the United States held up very well, particularly in the consumer products field. Sales of household sewing machines and other consumer products continued to increase, a result we regard as significant when compared with the trend of consumer durable sales generally in the United States during this period. Furthermore, the scheduling of our major Spring promotion in the United States worked against us in the first quarter as last year it bridged the first and second quarters, whereas this year it occurs entirely in the second quarter.

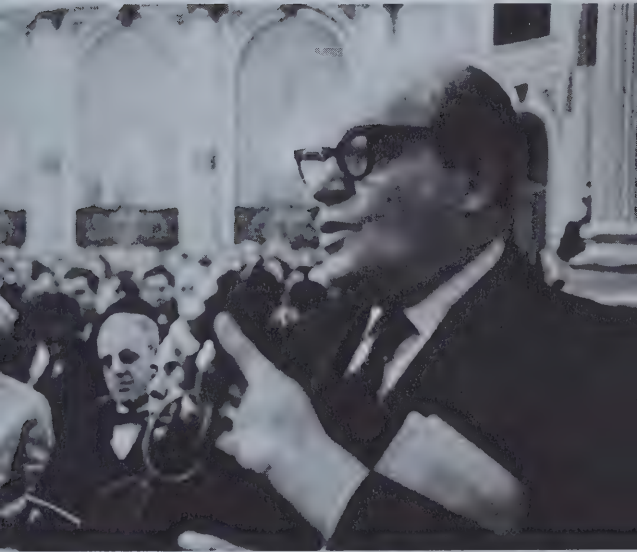
Industrial product sales in the United States were affected to some extent by reduced activity in the textile and garment industries, and in the construction industry, but the effect was not severe and volume was about level with a year ago. Business machine sales in the United States posted a good increase, although not as dramatic a rise as was true last year.

INTERNATIONAL OPERATIONS

Abroad the most significant event in the first

Numerous questions were directed to Mr. Kircher from the floor during the meeting.

On conclusion of the meeting many shareholders came forward to greet Mr. Kircher, and the other directors.



quarter was the continued gradual improvement of our operations in Europe. As nearly a quarter of our consolidated sales are made in the European countries, the course of our business there is obviously of prime importance to us.

In Latin America, first quarter sales and earnings were adversely affected by major currency devaluations in Brazil and Argentina. However, the adverse impact will be short term and was largely felt in the first quarter. The longer term influence is expected to be favorable as these currency adjustments in both cases were intended by the governments concerned to put their economies on sounder bases, and we expect this to be the result. In the Far East and Africa there has as yet been little recovery from the level of our business there in 1966, but improvement is expected as the year progresses.

The suspension of the Investment Tax Credit in October had an adverse effect on certain segments of our business in the last part of 1966 and in the first quarter of the current year. Its restoration should provide a stimulus to our sales of textile machinery, industrial sewing equipment, and other capital goods. The suspension of the credit had a minor tax effect on our results, as we take the effect of the credit over the life of the capital assets acquired. Our capital spending was not substantially affected by the suspension as most of our investment in capital equipment is done under fairly long-term programs which cannot readily be turned on and off.

We expect the current worldwide trend to-

Prior to the meeting
shareholders viewed product
displays which included
products for the home, business
and industry.



ward lower interest rates to have a salutary effect upon our business, both in terms of its impact upon our borrowing costs and from some expansionary effect upon the economies concerned.

PROSPECTS FOR 1967

With respect to the prospects for the year as a whole, the first quarter results together with current trends both in the United States and abroad reinforce our confidence that the year will be a successful one. We expect the pace of our operations in the balance of the year to increase at a somewhat faster rate than during the first quarter. In short, 1967 should be another year of progress for The Singer Company.

Summary of Discussion

In connection with the motion to amend the Certificate of Incorporation, Mr. Kircher offered the following comments:

These amendments to the Certificate of Incorporation are set forth in full in the Proxy Statement, together with a lengthy explanation of them and of their purpose. In summary, they would authorize the issuance of preferred stock, including convertible preferred stock, or the issuance of convertible debt securities and would eliminate pre-emptive rights.

The principal purpose is to have available to the Board the authorization to issue such securities in connection with future acquisitions or financings and to give the Board the flexibility to move rapidly in this way as future needs or opportunities arise.

There is one aspect of the proposals which has caused adverse comment by some shareholders on which I should like to give a further explanation. While the number of such shareholders is small we nevertheless take seriously any reasoned comments on, or objections to, anything we plan to do. This comment concerns the statement in the Proxy Statement to the effect that the issue of convertible securities, whether debt securities or preferred stock, could possibly result in the dilution of the equity or earnings of present shareholders. This statement is required by the Securities and Exchange Commission in every case of this kind. Of course, the issuance of these securities could “possibly” have such an effect.

There are many actions of management which, if unwisely conceived or executed, can

adversely affect common shareholders or their relative position as owners of the Company. The purpose of these resolutions is to enable the Board to take actions intended to benefit the holders of common stock which is really the principal reason for the existence of the Board and the Management. Under New Jersey law there is uncertainty as to the effect of pre-emptive rights in cases of acquisitions involving companies whose assets include substantial amounts of cash. In cases of cash financings the additional cost and delay of an offering to shareholders could be a very serious matter. I call your attention to movements in the money market within the last year. They were up and down, so that even experts in the field found it difficult to predict money rates a very short time ahead. Finally, in the foreign field many U.S. companies have recently issued convertible debentures abroad in order to finance foreign operations without adversely affecting the U.S. balance of payments. This would not be feasible with the present pre-emptive rights provision.

All of these are substantial reasons for the requested authorizations. The flexibility to deal with these situations does not exclude the possibility of offering new securities to existing shareholders when this is appropriate.

Finally, the concern of this management for the equity and earnings position of common shareholders is a matter of record. Since 1958, when the present management assumed responsibility, common shares outstanding have increased only about 17 per cent, from 9 million

There were represented in person, or proxy, holders of 9,196,522 shares, which was over 87 per cent of outstanding shares.



shares to about 10,600,000 shares. This very slightly increased capitalization has, in the same period, supported an increase in sales to a level more than double that of 1958 and an increase in per-share earnings to more than quadruple the previous amount. This record certainly indicates that we have as a prime concern the improvement of the per-share position of present shareholders and the avoidance of earnings dilution. I can assure you that in acting under the authorizations here proposed, we shall continue to have the same concern.

In the course of the Annual Meeting, the following information was developed in response to questions from shareholders:

There were two amendments to the by-laws during 1966 in addition to the one described in the Annual Report. One fixed the number of directors at 11. The other provided for the position of Group Vice President.

Twelve regular meetings and three special meetings of the Board of Directors were held during 1966. Directors who are neither officers nor employees of the Company are paid \$5,000 a year plus \$200 per meeting attended. There is no fee or retainer for Directors who are officers or employees of the Company.

During 1966, 548,000 shares were acquired for the treasury at an average cost of just under \$55 per share. These shares were purchased partly in private placements at market price or somewhat less and partly on the market.

Holdings of current officers of the Company who are eligible for options under the 1959

Stock Option Plan were 9,181 shares as of January 1, 1959, and on May 5, 1967 were 61,837. During this period 35,500 shares were acquired through the 1959 Option Plan.

Acquisitions, in addition to that of Friedrich Schwab and Company, listed in the Annual Report were completed at the following costs:

EMC Instrumentation, Inc.—9,897 shares

Eloflock GmbH.—\$125,000

Therm-o-Tek, Inc.—\$318,000

Heatrex, Inc.—\$250,000

A Friden printing calculator is being produced in Europe in considerable volume and is generally available in Friden's U.S. branches as well as in Europe and elsewhere in the world. The Friden electronic calculator has retained its position of leadership in its field.

Friden sales and earnings have grown every year since the acquisition in 1963 and the dilution of Singer earnings resulting from that acquisition was reversed in 1965 and 1966.

Expenditures for research and development at Friden are currently at a rate of \$6 million a year.

Historically the Company has tended to pay out half its earnings as dividends. If the present upward course of earnings continues, the Board of Directors will probably consider increasing the dividend.

The Clydebank, Scotland, factory was profitable for the full year 1966. In terms of financial performance, relative to investment, it is not yet as profitable as the average of the other major sewing machine factories.

There was an increase in debt of \$72.7 million during 1966. Management is endeavoring to carry on the business in such a way that satisfactory earnings increases can be produced without such a rapid growth of investment in the business.



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SINGER

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30 Rockefeller Plaza, New York, N.Y. 10020

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Directors and Officers

BOARD OF DIRECTORS

George W. Ball
Charles F. Bruder
Stephen C. Clark, Jr.
Gilbert W. Fitzhugh
Donald P. Kircher
Henry R. Labouisse
Arthur E. Pettit
Donald G. Robbins, Jr.
Phillip R. Samwell
James A. Trainor
Elliott E. Vose

OFFICERS

Donald P. Kircher, *President*

Group Vice Presidents

Alfred di Scipio, *North Atlantic Consumer Products Group*
Edwin J. Graf, *Industrial Products Group*
Elliott E. Vose, *International Group*

Vice Presidents

Harry W. Armstrong, *Consumer Products Marketing-United States*
Ralph P. Benn, *Deputy Group Executive, North Atlantic Consumer Products Group*
William J. Brown, *Employee Relations*
Charles F. Bruder, *Corporate Development*
Herbert Burchill, *Product Policy*
Edmond W. Cattani, *General Tax Counsel*
George A. Downsborough, *Technical Products Division*
Alan W. Drew, *Friden Division*
Lyman R. Fink, *Chief Technical Officer*
David A. Graesser, *Research and Development*
John G. Grubb, *Manufacturing Services*
Huntington W. Harrison, *Africa and Near East Division*
Henry W. Manville, *Latin American Division*
Donald D. Marsden, *Assistant to the President*
John E. McConaughy, Jr., *Consumer Products Marketing-Europe*
Robert E. Pequignot, *Climate Control Division*
William A. Prior, *Corporate Diversification*
Millard H. Pryor, Jr., *Industrial Products Division*
Andrew J. Reinhart, *Controller*
Arthur E. Reinhold, *Wood Products Division*
Donald G. Robbins, Jr., *Treasurer*

Louis L. Pettit, *Secretary*

ex Cda

ex Cda

Financial Highlights

	1967	1966	Change
Net sales	\$1,137,653,000	\$1,049,227,000	+ 8.4%
Total revenue	1,149,096,000	1,059,512,000	+ 8.5
Net income	50,154,000	47,280,000	+ 6.1
<i>Per share</i>	4.71	4.44	+ 6.1
Cash dividends	23,178,000	23,367,000	—
<i>Per share</i>	2.20	2.20	—
Shareholders' equity	466,294,000	435,050,000	+ 7.2
<i>Per share</i>	43.79	40.85	+ 7.2
Working capital	382,203,000	381,731,000	+ 0.1
<i>Current ratio</i>	2.1	2.1	—
Property, plant and equipment—net	194,047,000	169,085,000	+14.8
Number of shareholders at year end	38,841	35,998	+ 7.9
Average shares outstanding	10,648,861	10,648,701	—



The Company's operations in 1967 established new records for sales and earnings.

Consolidated sales were \$1,138,000,000, an increase of 8.4 per cent over 1966 sales of \$1,049,000,000. Consolidated net earnings were \$50,154,000, equal to \$4.71 per share, compared with 1966 earnings of \$47,280,000, or \$4.44 per share.

These results were achieved in a year which was characterized by (1) a worldwide economic climate less buoyant than that in any recent year, (2) war and its aftermath in the Near East and continuing civil war in Nigeria, (3) currency instability in South America to an extent and severity unusual even for that continent, (4) the devaluation of sterling and its secondary effects on other currencies, and (5), of course, the Vietnam conflict. In view of these environmental factors, the first three of which had directly adverse effects upon the Company's operations, we believe the results for the year can be assessed as reasonably satisfactory.

Sales of each of our major product lines increased in 1967 with consumer products increasing 8.7 per cent, industrial products 2.6 per cent, and business equipment 15.1 per cent. The slow rate of growth in industrial products reflected the recession in the apparel, textile and construction industries in the United States.

Geographically, sales increased substantially in North America and Europe, increased slightly in Latin America, and declined slightly in Africa and the Near East and in the Far East. As sales increased more rapidly in the United States than abroad, the proportion of U.S. sales to total sales increased from 48.7 per cent in 1966 to 50.1 per cent in 1967.

Worldwide sales of sewing products increased 4.9 per cent and again established a new record. In accordance with our plan, sales of other products, particularly business equipment, expanded at a faster rate with the result that sales of other products reached 47.9 per cent of total sales.

We were prepared for the devaluation of sterling in November and our assets were fully protected by borrowing and hedging operations. As we are a large net

exporter from the United Kingdom, our worldwide competitive position will improve as a consequence of sterling devaluation, although the continuance of this effect will be dependent upon the success of British efforts to prevent relative costs from rising and thereby diminishing or eliminating the cost advantage of devaluation.

At the beginning of the current year the U.S. Government imposed mandatory restrictions upon foreign investment. The restrictions are very severe in the case of investment in Continental Europe and less so in the case of other countries. Our study of the new regulations and of our own situation abroad has convinced us that, in the short term, the restrictions will not have an adverse effect upon the proper development of our business abroad, although this will require some expansion of foreign borrowing (which is well within our means) and careful asset control. We believe the long term continuance of restrictions of this severity would damage the foreign operations of all American companies, and would also damage the United States balance of payments. However, our own large and established position abroad would enable us better to cope with such a future than most other companies. We have repeatedly pointed out that our operations abroad produce annually a large net inflow of dollars for the United States. In 1967 the net inflow was \$28 million, substantially greater than the previous year.

The following acquisitions were completed in 1967 and early in the current year:

- Western-Stickley, Inc. of Chicago, Illinois, a producer of residential furniture, with annual sales of \$23 million. The price was \$13.4 million in cash plus 30,000 shares of Singer common stock. The operations of Western-Stickley have been integrated with our own sewing machine furniture operations to form the Wood Products Division, a part of the North Atlantic Consumer Products Group.
- American Furnace Company of St. Louis, Missouri, a manufacturer and distributor of central residential air conditioning and heating equipment, with annual sales of \$12 million. The price was 114,500 shares of Singer

common stock. AFCO will operate as a unit of the Climate Control Division, a part of the Industrial Products Group.

- Corry Jamestown Corporation of Corry, Pennsylvania, a producer of metal office furniture with annual sales of \$15 million. The price was 155,000 shares of Singer common stock. Corry Jamestown will operate in affiliation with the Friden Division in the office equipment field.

- Universal Kredit Bank GmbH. of Frankfurt, Germany, a commercial finance company with total assets of \$21 million at year end. The purchase price was \$1,625,000 in cash. UKB will assist in the financing of our operations in Germany.

We have acquired in the open market 1,133,980 shares of common stock of General Precision Equipment Corporation comprising 14.6 per cent of the ~~presently~~ outstanding common stock. GPE designs, manufactures and markets technologically advanced systems and equipment for Government military and space programs. In addition they supply a wide variety of control and metering devices for industrial and consumer usage. The shares were acquired with the intention of discussing with the management of GPE a merger of that company with Singer. Such discussions have taken place and are continuing.

The development of a Group management structure for the Company, which was initiated early in 1967, has continued with the result that we now have three operating Groups:

- The North Atlantic Consumer Products Group, under Group Vice President Alfred di Scipio, comprising the Company's consumer products operations in the United States, Canada and Europe.
- The International Group, under Group Vice President Elliott E. Vose, comprising the Company's operations in Latin America, Africa, the Near East and the Far East.
- The Industrial Products Group, under Group Vice President Edwin J. Graf, with worldwide responsibility for operations in the industrial sewing machine, textile machinery, and heating and air conditioning fields.

As the Company continues to grow, the Group structure provides more effective direction to divisions and units which have similar problems and opportunities and can benefit from more unified direction and practices. A similar movement is proceeding in the corporate staff area where the same objectives are present.

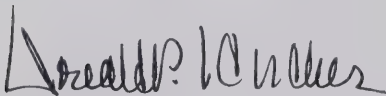
Under our by-laws governing the tenure of Directors, Philip R. Samwell and James A. Trainor will retire as Directors upon the expiration of their present term at the coming Annual Meeting. Mr. Samwell and Mr. Trainor joined our Board at the time of the Friden merger. Mr. Samwell served as President and later as Chairman, and Mr. Trainor as Executive Vice President of Friden from the time of the merger until their retirement at the end of 1966. As officers they contributed greatly to the success of Friden, both before and subsequent to the merger, and as Directors their contributions were manifold. To replace them as Directors, the Board has nominated Reed O. Hunt and Alfred di Scipio. Mr. Hunt, of San Francisco, is Chairman of Crown Zellerbach Corporation. Mr. di Scipio is Group Vice President of the Company in charge of the North Atlantic Consumer Products Group.

In order to give our large and growing group of West Coast shareholders an opportunity to attend the Annual Meeting, it will be held in San Francisco, California, on Wednesday, May 1, 1968. The meeting has been held in New York the past two years.

The Board increased the quarterly dividend from 55 cents to 60 cents in the first quarter of 1968. This is the sixth dividend increase in the past nine years. During this period the annual dividend, adjusted for a two-for-one stock split in 1963, has risen from \$1.10 to \$2.40 per share.

The management of the Company is confident of further growth in sales and earnings in the current year.

March 14, 1968

A handwritten signature in dark ink, appearing to read "Reed O. Hunt", written in a cursive style.

President

Summary of 1967 Operations

Sales of products and services in 1967 totaled more than \$1.1 billion. Of this amount, sales of sewing products accounted for \$592.7 million or 52.1 per cent of sales as compared with 53.9 per cent in 1966. Sales of other products totaled \$545.0 million in 1967. Although 1967 was a good year for sewing machine sales, the remainder of our business continued to grow at a somewhat faster rate and we expect this trend to continue in 1968.

In addition to household and industrial sewing machines and allied equipment, other major product lines, in order of importance, are business equipment, major household appliances, home entertainment equipment, heating and air conditioning systems, textile machinery, information systems and instrumentation.

Sales by markets served were as follows:

	1967		1966	
	(Amounts in Millions)			
	Amount	% of Total	Amount	% of Total
Products for the Home .	\$ 731.3	64%	\$ 672.5	64%
Products for Industry . .	223.1	20	217.4	21
Products for Business .	183.3	16	159.3	15
TOTAL . . .	<u>\$1,137.7</u>	<u>100%</u>	<u>\$1,049.2</u>	<u>100%</u>

Approximate earnings by markets served were as follows:

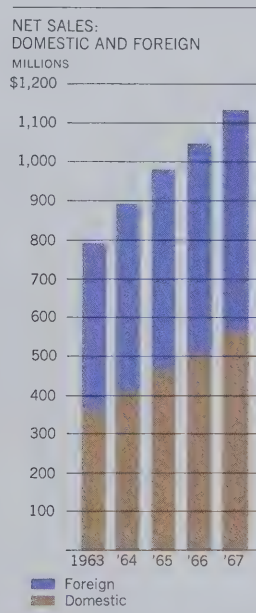
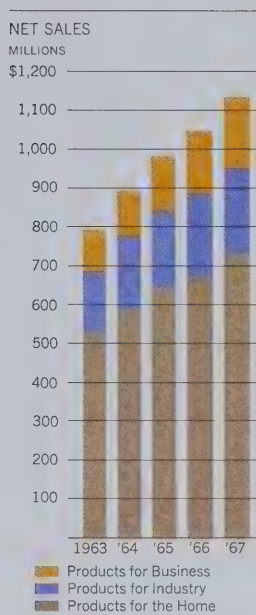
	1967		1966	
	(Amounts in Millions)			
	Amount	% of Total	Amount	% of Total
Products for the Home . . .	\$ 31.0	62%	\$ 29.4	62%
Products for Industry . . .	8.6	17	8.3	18
Products for Business . . .	10.6	21	9.6	20
TOTAL . . .	\$ 50.2	100%	\$ 47.3	100%

Sales increased 8.4 per cent over 1966 with improvement in all markets served:

	1967	1966	CHANGE
	(Amounts in Millions)		
Products for the Home . . .	\$ 731.3	\$ 672.5	+ 8.7%
Products for Industry . . .	223.1	217.4	+ 2.6
Products for Business . . .	183.3	159.3	+15.1
TOTAL . . .	<u>\$1,137.7</u>	<u>\$1,049.2</u>	<u>+ 8.4%</u>

U.S. sales accounted for 50.1 per cent of the total in 1967, increasing at a faster rate than foreign sales. Sales by major geographical areas were as follows:

	1967	1966	CHANGE
	(Amounts in Millions)		
United States	\$ 570.1	\$ 510.7	+11.6%
Europe	270.8	248.4	+ 9.0
Latin America	128.8	124.4	+ 3.5
Far East	82.2	82.9	- 0.8
Africa and the Near East .	48.5	50.1	- 3.2
Canada	37.3	32.7	+14.1
TOTAL . . .	<u>\$1,137.7</u>	<u>\$1,049.2</u>	<u>+ 8.4%</u>





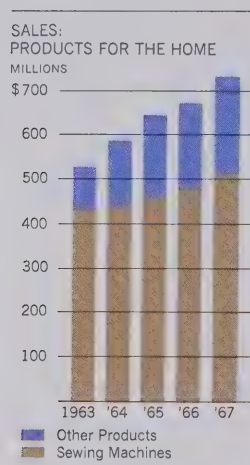
Singer products are sold in 182 countries. Representative of the sales skills of Singer people in the constantly broadening home products field are the personnel of the Singer Center in Saskatoon, Saskatchewan. They are (left to right) Lorne Gilbertson, salesman; Roy Young, adjuster-repairman; Ruth Erickson, saleslady; Gerry Davidson, district manager; Garnet Cowper, salesman; Lorraine Czernick, saleslady, and Mary Cook, instructress.



Products for the Home

	1967		1966		CHANGE	
	Amount (Millions)	Per Cent of Total	Amount (Millions)	Per Cent of Total	Amount (Millions)	Per Cent
Sales	\$731.3	64%	\$672.5	64%	\$58.8	+8.7%
Earnings	31.0	62	29.4	62	1.6	+5.4%

Products for the Home



Worldwide sales of consumer products in 1967 amounted to \$731.3 million, an increase of 8.7 per cent over the previous year, and accounted for 64 per cent of the Company's total volume. In addition to household sewing machines and related merchandise, principal consumer products are home entertainment equipment, refrigerators, washing machines, portable electric hand tools, floor care equipment, knitting machines, kitchen ranges, portable typewriters and furniture.

Sales of products for the home by major categories in 1967 and 1966 were as follows:

	1967	1966	CHANGE
	(Amounts in Millions)		
Sewing machines	\$508.8	\$471.7	+ 7.9%
Major appliances	78.3	72.9	+ 7.4
Home entertainment equipment	76.3	67.3	+ 13.4
Other	67.9	60.6	+ 12.0
TOTAL . . .	<u>\$731.3</u>	<u>\$672.5</u>	<u>+ 8.7%</u>

Sales of products for the home by major geographical areas were as follows:

	1967	1966	CHANGE
	(Amounts in Millions)		
United States	\$284.2	\$244.4	+ 16.3%
Europe	198.7	182.9	+ 8.6
Latin America	114.2	111.2	+ 2.7
Far East	67.3	69.4	- 3.0
Africa and the Near East . .	42.7	44.5	- 4.0
Canada	24.2	20.1	+ 20.4
TOTAL . . .	<u>\$731.3</u>	<u>\$672.5</u>	<u>+ 8.7%</u>

UNITED STATES

Both sales and earnings of our consumer products business in the United States were up sharply in 1967, attaining record levels for the fourth consecutive year. Sales rose 16.3 per cent in response to intensified marketing efforts.

Earnings increased as a result of higher volume coupled with cost reduction, and the utilization of a computerized management information system for inventory and distribution control. Sales of major product lines registered gains over the previous year.

Sales of new and used household sewing machines by Singer in the United States exceeded a million units for the first time in any year and our share of the new sewing machine market increased from 36 per cent in 1966 to 38 per cent in 1967. This increase reflects heightened interest in home sewing and the strengthening of the Singer product line which now includes models in every price range from \$59.50 to \$349.50.

Volume in associated products for home sewing showed further growth with sales of fabrics and notions increasing 30 per cent. Fabrics are now sold in more than half of our U.S. Singer Centers and, together with notions, accounted for sales of \$29.3 million in 1967.

The rate of growth of our home entertainment equipment business, with sales of \$31.0 million in the United States in 1967, continued to exceed that of our other consumer products. During the year two battery operated phonographs and three new television sets, including a console color model, were added to the line. KLH equipment, which is sold through 551 independent dealers, continued to improve its competitive position in the high fidelity field. Sales of KLH have quadrupled since its acquisition in 1964.

With the acquisition in September of Western-Stickley, Inc., a Chicago-based producer of living room furniture, volume in wood products more than doubled. About two thirds of the output of our woodworking factories is now in products other than sewing cabinets. We continue to produce all our own sewing machine cabinets.

Two new models added to the floor-care equipment line manufactured in Anderson, South Carolina, enabled us to reverse the lag in sales which was reported in 1966.

During the year we continued to modernize our network of 1,422 Company-operated retail outlets which are the backbone of our consumer products marketing effort. We opened 110 new Singer Centers most of them in large shopping centers. Of these new Centers, 76 were relocations. In addition, 65 less profitable stores were closed. Leased operations in major department stores were increased to 42.

The use of national television as the major advertising medium for our full line of consumer products was a significant factor in increased sales volume. Hour-long television specials featuring Tony Bennett, and Herb Alpert and the Tijuana Brass earned critical acclaim and high audience ratings.

More than 55 different kinds of portable electric power tools for home workshop and garden use are currently being manufactured in Pickens, South



Western-Stickley, Inc., a part of the Company's Wood Products Division, produces a wide line of modern, traditional and contemporary design tables and consoles. Its products are sold through 7,000 independent retail stores. It is the largest U.S. table manufacturer and its newest plant at Toccoa, Georgia is among the most modern plants in the furniture industry.

Carolina, for Sears, Roebuck and Company. Production expanded by eight per cent in 1967.

The last of the damage suits arising from the anti-trust suits filed against the Company in 1959 have been disposed of on terms satisfactory to the Company, and there is no further such litigation pending.

EUROPE

In Europe Singer offers a broader line of consumer products than in any of our other markets. The diversification that began in 1959 with the addition of knitting machines to our basic sewing machine line has expanded to include refrigerators, washing machines, television and other home entertainment products, ranges and vacuum cleaners, as well as various other products.

Sales in Europe resumed an upward trend in 1967 after two years of stagnation, moving counter to European business conditions generally. Sales totaled \$198.7 million, an increase of 8.6 per cent over the previous year.

Sales of household sewing machines which account for 63 per cent of our consumer volume in Europe increased sharply in 1967. This was largely the result of the introduction of a redesigned product line topped by the "Golden Panoramic" model which was introduced in September and accounted for a significant increase in top-of-the-line sales during the last quarter.

Sales of major appliances, such as refrigerators and washing machines, principally supplied by our Domowatt facility, increased by 16 per cent and now account for 24 per cent of our volume in Europe.

Our business in France ran counter to the national trend and moderate gains in sales and earnings were achieved, despite the lowest rate of economic expansion since 1959. The test of the new catalog business in France, which began in one region in the Spring of 1967, was successful. Results surpassed initial forecasts, and the test area was expanded to cover about 40 per cent of all French households for the Fall catalog. Expansion to full national coverage is planned by the end of 1968.

In Italy the impressive economic recovery which began in 1965 continued, and our business improved accordingly. Sewing machine production in the factory in Monza, much of it for export, reached an all-time high.

Our business in the United Kingdom fared well considering the rigid price and credit controls in effect during the first half of the year. The restrictions were lightened in August, and our business improved during the final quarter. The factory in Clydebank recorded a profitable year and successfully completed Singer's hundredth year of manufacturing operations in Scotland.

In Germany the rapid economic growth of recent years ground to a halt in 1967. The economic trend and continued government efforts to dampen consumer

purchasing affected Singer and other consumer-oriented enterprises adversely. A modest upswing is forecast for 1968. The volume of Friedrich Schwab and Company, the German catalog business in which we own a majority interest, declined slightly as a consequence of the economic recession and the closing down of certain unprofitable outlets.

The Scandinavian countries reported a substantial sales increase over 1966 but volume and earnings are not yet at satisfactory levels. In Belgium and the Netherlands a continued recession restricted the growth of our business to modest proportions. Among the other countries of Europe, notably Austria, Spain, Portugal, and Greece, results showed some improvement over the previous year.

LATIN AMERICA

Monetary and economic instability continue to be paramount problems in Latin America, and their impact was particularly acute in 1967. Our sales slightly exceeded the high volume obtained in the prior year, totaling \$114.2 million. Earnings, however, declined substantially from the record level of 1966, primarily as a consequence of severe currency devaluations, compounded by a marked pause in the buoyancy of several Central American economies.

Home sewing products received particular emphasis. Sales of household sewing machines reached an all-time high and enlarged their share of total sales as against volume in other consumer appliances which has grown rapidly in recent years.

During 1967 our business in Mexico regained its upward pace and recorded excellent sales and earnings improvement. In Colombia we achieved major increases in sales and earnings despite a sluggish business climate throughout the year. The high rate of sales in Venezuela was maintained from the previous year, but earnings, while sizable, fell somewhat short of target due to higher distribution costs. Results in the West Indies were again satisfactory.

Despite extensive hedging measures, our earnings were penalized by devaluations in Peru, Brazil, Argentina, Uruguay and Chile. Operations in Peru and Brazil were profitable but well below the previous year; in Argentina results exceeded 1966 but failed to reach planned levels.

FAR EAST

The financial results of our operations in the Far East and Australasia were depressed for the second successive year. Sales of \$67.3 million were modestly lower than in 1966.

The pattern was mixed. In both Thailand and Ceylon we registered excellent gains. Results improved somewhat in Australia, Pakistan and Taiwan, while in Singapore and Malaysia our business gave signs in the last quarter of reversing the unfavorable trend of the past several years.



In Europe during 1967 the Company successfully introduced the advanced "Golden Panoramic" sewing machine here being demonstrated in a London retail outlet. While increasing the sales of sewing products is a major marketing objective in Europe, great emphasis is being given to the manufacturing and marketing of refrigerators, washing machines and clothes dryers.

in Hong Kong held approximately at prior year level in the face of the civil commotion which beset the Colony during the second half of 1967. In India operating results were slightly ahead of budgeted goals.

On the other hand, results in New Zealand declined due to restrictive credit measures and a 19 per cent currency devaluation late in the year. There was a decline in sales volume in Japan and a decrease of major proportions, attributable in part to a lengthy strike of sales and clerical staff, in the Philippines. These more than offset improvements elsewhere in the Far East.

Sales of the household sewing machine industry in Japan have failed to keep pace with the high level of other business activity for the past two years. Although we have increased our share of the market somewhat, our sales volume in absolute terms has declined. A number of modifications in organizational structure have been inaugurated, aimed at enabling us successfully to meet industry conditions in this major market.

Control of our business in Indonesia was restored to us during the year, and plans have been formulated to expand our operations there.

In view of the trade policies of the Australian government, continued operation of the Penrith factory was deemed uneconomic and production has been terminated.

AFRICA AND THE NEAR EAST

The crisis in much of the Middle East, civil strife in Nigeria, and a sharp contraction in our East African business contributed to a sales decline of four per cent in 1967 in Africa and the Near East. Earnings were down by a somewhat larger percentage.

The effectiveness of our operating personnel and the broad acceptance which our products and services enjoy lessened the impact of the six-day war in the Middle East. It is clear, however, that these hostilities had a severe and persisting impact on our business, particularly in Lebanon and the Sudan.

The Nigerian civil war interrupted five years of steady growth in the volume and profitability of our consumer business in that populous nation. In spite of the present chaotic conditions, we are hopeful that normal operations there can be resumed shortly.

Expanding economies in Ethiopia, Iran and South Africa, permitted our business to grow at a satisfactory rate in those countries.

In Turkey our share of the household sewing machine market increased by 17 per cent, partly as a result of a reduction of retail prices made possible by the achievement of complete production integration at our factory in Maltepe.

For the past four years we have been producing sewing machine cabinets in the Congo. Our factory was

expanded in 1967, and we will shortly be undertaking the assembly of sewing machines there as well as the production of radio and television cabinets under contracts with outside customers.

CANADA

A number of new programs were instituted in Canada by new management including the broadening of our product line, the modernization of our retail outlets and inauguration of a new integrated sales promotion and advertising program. These contributed to a 20.4 per cent sales increase to \$24.2 million despite the general sluggishness of the Canadian economy.

Sewing machine sales rose sharply with the introduction of a new economy model priced at \$88, rounding out a line which now includes models in every price range. Three new Singer Centers were opened during the year and distribution through leased departments was started in major department store chains.

Fabrics, which were introduced on a trial basis in a few of our stores in 1966, proved to be a profitable addition to our line of merchandise and their distribution was extended to a total of 50 Singer Centers. Sales volume in fabrics doubled in 1967.

Continued growth in the home entertainment segment of our business is expected in 1968 in Canada with emphasis shifting from console to portable models.

Financial results of manufacturing operations at St. Johns, Quebec, improved as a result of substantially increased volume of non-sewing machine production.



In Latin America Singer is experimenting with departmentalized selling of appliances, home entertainment equipment and other products in addition to sewing machines. This new departmentalized shop in Port-of-Spain, Trinidad, was opened in November, 1967.



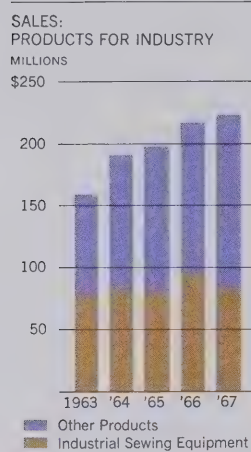
Manufacturing craftsmanship and skill have long been a tradition with Singer people. Nowhere is it more important than in the making of test instruments. (Left to right) Anthony Stankiewicz, plater; Ernest Benedetto, technician; Charles Kerecz, machinist; Agnes Frizinia, assembler; Nancy Cioffi, assembler; Mary Smith, inspector; Ben Solkofski, foreman, work at the Company's Metrics Division plant in Bridgeport, Connecticut.



Products for Industry

	1967		1966		CHANGE	
	Amount (Millions)	Per Cent of Total	Amount (Millions)	Per Cent	Amount (Millions)	Per Cent
Sales	\$223.1	20%	\$217.4	21%	\$5.7	+ 2.6%
Earnings	8.6	17	8.3	18	0.3	+ 3.6

Products for Industry



Principal customers for our industrial products and services are the apparel and textile industries, the construction industry, electrical and electronic manufacturers, and the U.S. Government.

Major products and services are industrial sewing machines and allied equipment, heating and air conditioning systems, tufting, knitting and other textile machinery, information systems, instrumentation, industrial controls and special purpose electrical motors. Sales volume in this area of our business was \$223.1 million in 1967, a 2.6 per cent increase. Earnings increased by 3.6 per cent.

Sales of industrial products by major product categories were as follows:

	1967	1966	CHANGE
	(Amounts in Millions)		
Industrial sewing equipment	\$83.9	\$ 93.4	-10.2%
Heating and air conditioning.	42.9*	31.7	+35.3
Textile machinery	32.0	29.4	+ 8.8
Information systems	26.5	23.2	+14.2
Instrumentation	22.4	21.2	+ 5.7
Other	15.4	18.5	-16.8
TOTAL . . .	<u>\$223.1</u>	<u>\$217.4</u>	<u>+ 2.6%</u>

* Includes full year sales of American Furnace Company.

Sales of products and services for industry by major geographical areas were as follows:

	1967	1966	CHANGE
	(Amounts in Millions)		
United States	\$161.3	\$155.7	+ 3.6%
Europe	34.7	34.6	+ 0.3
Other	27.1	27.1	—
TOTAL . . .	<u>\$223.1</u>	<u>\$217.4</u>	<u>+ 2.6%</u>

INDUSTRIAL SEWING EQUIPMENT

The cutback in capital spending by the apparel industry in the United States, Germany and the United Kingdom had an adverse effect on sales of industrial sewing equipment in 1967.

The completion of adjustments in inventory levels by the garment industry and a growing demand for apparel points to a resumption of growth in industrial sewing equipment sales in the United States in 1968. We are in good position to benefit from this development since our marketing structure has been overhauled and 30 new varieties of industrial sewing machines were added to the product line during 1967.

During the year we placed greater emphasis on a systems approach which appears to have particular benefit and appeal to our larger and more sophisticated customers in the needle trades.

Sales of pressing equipment, a relatively new addition to our line of products for the apparel industry, exceeded expectations, and we look forward to rapid expansion in this segment of our business in future years. However, volume in curing ovens for use in the durable press process was somewhat disappointing.

In September, ground was broken for a new \$5.3 million factory in Blankenloch, Germany. This 300,000 square foot facility will employ 1100 workers in the manufacture of specialized industrial high speed stitching and work handling equipment. On its completion in mid-1968, the Blankenloch factory will supply Germany and export markets.

TEXTILE MACHINERY

Sales of large diameter circular knitting machines bearing the Supreme trademark were up 15 per cent in spite of increased competition. This improvement was attributable in large part to the introduction of several faster and more versatile new models which permitted us to retain a technological advantage over our competition. Sales of flat-bed knitting machines, produced at our factory in Creussen, Germany, held at 1966 levels.

Reduced housing starts in the United States and elsewhere were indirectly reflected in sharply lower sales of tufting machinery to floor covering manufacturers who are our principal customers. However, record fourth quarter orders enabled us to end the year with an impressive backlog. A new tufting machine, which operates on a horizontal plane to permit greater accessibility of parts and ease of adjustment, has strengthened our position in the industry. The development of the world's largest oven for applying foam rubber backing to carpeting was another major product innovation in the tufting machinery field.

Sales of flocking equipment, which deposits electrostatically cut fibers in a vertical position on an



The Hershey Motor Lodge in Pennsylvania has one of the largest installations of Singer Climate Control products. All 202 of the Lodge's guest rooms are fitted with Remington Incremental air conditioning. Electromode space heaters warm corridors and stairwells. A central control system at the registration desk allows the clerk to precool or heat guest rooms, as well as maintain a minimum temperature when a room is unoccupied.

adhesive coated base, have not yet reached significant proportions. However, research and engineering staff are continuing to develop new techniques, equipment and end uses, and we anticipate that this process will become increasingly important in the years ahead.

HEATING AND AIR CONDITIONING

Inhibited by a slow-down in the construction industry in the first six months, 1967 sales of our broad line of heating and air conditioning equipment remained at approximately the same level as the previous year. This condition improved somewhat in the second half of the year, and our incremental air conditioning product line entered 1968 with the highest order backlog in history. Significant gains were achieved in the high-rise building market, with major orders booked for a new 28-story Holiday Inn in Kansas City, Missouri, and the 26-story Erie County Office Building in downtown Buffalo, New York.

During the year we acquired the American Furnace Company of St. Louis, Missouri, to capitalize on the fast-growing market for central residential air conditioning and heating.

Sales of electric space heating equipment were somewhat higher in 1967 due to growing acceptance of the "all-electric home" concept and a surge in new residential construction in the final quarter.

Sales of freeze protection devices, heating tapes and cables rose in 1967. The largest installation in the United States of snow melting cables and controls was included in the construction of the Nicollet Mall in Minneapolis, Minnesota.

Production of specialty wire for the refrigeration, color television and related industries held at 1967 levels, but price weakness reduced dollar volume.

Increased emphasis has been placed on the further development of integrated environmental heating systems and several installations have been made utilizing our energy conservation systems, a key component of which is the water-to-air heat pump.

TECHNICAL PRODUCTS

Sales of technical products and services were \$48.9 million in 1967, a 10.1 per cent improvement over the previous year. Earnings increased substantially over 1966. These products and services include electronic instrumentation; specialty electric motors; and research, development and production services for the U.S. Government.

HRB-Singer, Inc., which is primarily concerned with research and the development of information, electromagnetic and infrared systems, registered an impressive 14 per cent gain in sales and an even greater increase in earnings. A new 60,000 square foot manufacturing facility at Mount Laurel, New Jersey, began operations during the year and employs 300 people.

The Metrics Division, a developer of sophisticated electronic test instrumentation, has experienced operating difficulties for the past several years. However, it registered a good increase in sales in 1967. An active research and development program is expected to insure continued growth of this technologically advanced segment of our business.

There was a decline in sales of industrial motors in 1967 as a result of reduced capital expenditures by textile manufacturers and other industries served by the Diehl Division. Profitable operations were maintained, however, due to close control of assets and costs. The cost control program, plus the consolidation of Diehl's manufacturing operations in one building, set a firm basis for improved profit margins in 1968.



The Diehl Division, a specialist in motors and control components, in conjunction with the Industrial Products Division, designed and now makes a highly-popular needle positioner and underbed trimmer for use with Singer industrial sewing machines. This device is being used here in one of the large Tennessee plants of Spartans Industries, Inc. Apparel manufacturers using the positioner/trimmer are realizing production increases of up to 20 per cent.



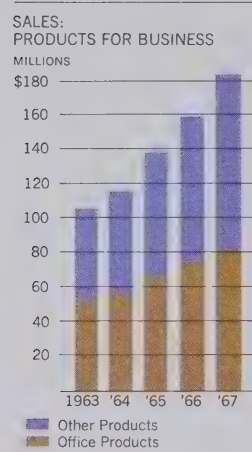
Just as important as the manufacturing of long-lasting, quality products is the availability of skilled service people. Friden Division develops, manufactures, sells and services many varieties of business equipment. Its people's service skills are represented here by (left to right) Bernice Lowpensky, programmer; Robert Givens, mechanical service man; Wayne Fisher, electronic service man; Willard Rice, service manager; Gloria Goldie, instructress; and Alfred D'Amelio, parts clerk. All are located at Friden's San Francisco, California, service center.



Products for Business

	1967		1966		CHANGE	
	Amount (Millions)	Per Cent of Total	Amount (Millions)	Per Cent of Total	Amount (Millions)	Per Cent
Sales	\$183.3	16%	\$159.3	15%	\$24.0	+15.1%
Earnings	10.6	21	9.6	20	1.0	+10.4

Products for Business



The business equipment field is the fastest growing of the three major product areas in which the Company operates. Major products for business in 1967 were office products (including calculators, adding machines and automatic writing machines); systems equipment (including data processors and communications terminals); graphic arts equipment; postage meters; and mailing equipment. Virtually all business equipment sold by the Company presently bears the Friden name.

On a worldwide basis 1967 was a record-breaking year for the Company in the business equipment field. Sales rose 15.1 per cent to \$183.3 million and earnings by 10.4 per cent to \$10.6 million. Volume in business equipment now accounts for 16 per cent of the Company's sales and 21 per cent of earnings.

Sales of products and services for business by major categories in 1967 and 1966 were as follows:

	1967	1966	CHANGE
	(Amounts in millions)		
Office products	\$ 80.4	\$ 74.5	+ 7.9%
Systems equipment	43.5	33.3	+30.6
Repairs and services	37.8	31.6	+19.6
Other	21.6	19.9	+ 8.5
TOTAL . . .	<u>\$183.3</u>	<u>\$159.3</u>	<u>+15.1%</u>

Sales of products for business by major geographical areas were as follows:

	1967	1966	CHANGE
	(Amounts in Millions)		
United States	\$124.6	\$110.6	+12.7%
Europe	37.4	30.9	+21.0
Other	21.3	17.8	+19.7
TOTAL . . .	<u>\$183.3</u>	<u>\$159.3</u>	<u>+15.1%</u>

The principal increase in terms of dollar volume was in the United States but approximately 32 per cent of our business equipment orders are now written outside the United States.

The high rate of expenditure in product development, start-up costs and the expense of recruiting and training personnel to market new types of products resulted in a somewhat lesser rate of increase in earnings as compared with sales.

UNITED STATES

During the first nine months of the year there was a moderate increase in sales and in the final quarter volume moved up smartly. This was in part a reflection of improving business conditions but, more importantly, a response to a number of technologically advanced products which were introduced during the year. Eleven new products were put into production in 1967, and manufacture of about 18 new products will begin during 1968.

In the systems equipment field, the new Computerer data processor (Model 5610) was an outstanding success. This third-generation small-scale unit has many of the capabilities of larger higher-priced data processing equipment. It is the only electronic, desk-size product in its price range to utilize micro-integrated circuits.

A data communications terminal (Model 7100), designed for use in time-shared computer systems was another significant new product introduced during the year. It has application in on-line programming, information retrieval, documentation and scientific analysis.

Two new products were added to the mailing equipment line: a low-cost tape-only postage machine (Model 9010) and a parcel register (Model 9223) which expedites preparation of parcel post and United Parcel Service packages. In 1967 about one-fifth of all new postage meters placed in the United States bore the Friden name.

The mechanical printing calculator (Model 1217) introduced during 1967 is now being sold throughout the world. This new product was our first entry into this major segment of the desk calculator market, and strengthens our position as the leader in this field.

Early in 1968, an electronic printing calculator (Model 1150) was introduced. It represents a notable advance in the state of the art. It incorporates 120 integrated circuit packages (nearly 90 per cent of the electronic content) and a revolutionary printing and inking system. A single printing wheel spins across the tape, printing 37 characters per second. This unit is priced substantially below comparable competitive products and, when in national distribution later this year, should make a significant contribution to sales and earnings.

In order to take the fullest advantage of the



A major technological breakthrough in electronic miniaturization is in the research stage. A co-planar integrated microsystem developed at Singer's Friden Research Center will ultimately replace comparatively bulky and hard-to-handle printed circuit boards. Use of the new microsystem will eventually reduce the circuitry of the Friden electronic calculator, shown here, to the size of the newly-etched wafer in the researcher's hand.

substantial improvements which have been made in the versatility and saleability of our greatly expanded product lines, the U.S. marketing structure was reorganized to improve market penetration. Sales offices in New York, Los Angeles, and Chicago were divided into three branches—Systems, Office Products, and Mailing Equipment.

We have decided to seek a primary position in the manufacture and marketing of terminals for data communications and on-line operation with computers. This is expected to be a significant part of our business in 1968 and beyond.

The general area of business forms and supplies has been identified as one which would complement our existing activities and a separate department was organized late in the year to expedite our entry into this business.

In February of 1968 we completed the acquisition of Corry Jamestown Corporation of Corry, Pennsylvania, a manufacturer and national distributor of high-quality metal office furniture including desks, tables, chairs, filing cabinets and specialized equipment for record storage. Corry Jamestown will supply products for incorporation into the Friden line as well as continuing to market its products through its distribution network of approximately 700 independent office furniture dealers.

INTERNATIONAL

Sales of business equipment outside the United States increased by 20.5 per cent in 1967. Friden products are sold through subsidiaries in the principal European countries such as France, Germany, Italy and the United Kingdom. An increasing proportion of the marketing effort, especially in the less developed countries of Asia, Africa, the Near East and Latin America, is being carried on by existing Singer sales organizations, which in most cases have supplanted independent local dealers and distributors. Substantial growth in sales volume has resulted.

During the year the European market was divided into two regions, each headed by a Director of Marketing. One region encompasses the United Kingdom and Scandinavia; the other, the remainder of Europe. Marketing areas outside of Europe correspond to those delineated for other Singer products prior to the acquisition of Friden in 1963.

Expanded production of printing calculators and adding machines for world markets was made possible by a major addition to the factory in Mechelen, Belgium. A second addition which will increase existing floor space by 40 per cent will be completed in the second half of 1968.

FRIDEN RESEARCH CENTER

A major breakthrough in the science of electronic miniaturization was revealed at mid-year when the Friden Research Center announced the development of a co-planar integrated microsystem. Although still in the research

stage, this advance offers the potential for dramatic reductions in packaging costs when compared with printed circuit board techniques. The feasibility of producing our own large-scale integrated chips is also under investigation. It is already evident that microelectronics technology is destined to play an important role in the development of a wide variety of future business machines and other products.



During 1967 marketing of a new desk-size data processor with many of the capabilities of larger, higher-priced units began. Although geared primarily to business applications, a secondary market is in the education field where the unit makes an excellent but inexpensive classroom tool for teaching most of the workings of a large computer. The Fort Worth Independent School District is using these units in advanced high school mathematics classes.



Much of Singer's growth has come from within, and research and development are basic to a continuing flow of new products and ideas. Typical of the kinds of intellectual skills employed at one of the Company's principal research facilities, HRB-Singer, Inc. at State College, Pennsylvania, are (left to right) Iva Marcy, electronic engineer; William Morse, Jr., aeronautical engineer; Ronald Stingelin, geologist; Erika Mares, mathematician; Russell Norris, Jr., physicist; James Taylor, civil engineer; Karl Goosman, Jr., linguist, and Nancy Fenstermacher, psychologist.



Research and Development

	1967	1966	1965	1964	1963
Company Expenditures	\$21.8	\$18.7	\$17.5	\$15.5	\$12.4
Funded by Government	12.1	8.1	7.2	6.9	8.1
Total	\$33.9	\$26.8	\$24.7	\$22.4	\$20.5

(Amounts in Millions)

Research and Development

The research and development activity of the Company is aimed at increasing profit potential through the generation and development of new concepts, product ideas, techniques and devices to the point where they may be effectively used to create profitable new products and services and effect major improvements in existing products.

Our technical staff increased by ten per cent in 1967. Three new product development laboratories were formed. Ground was broken in July for a research and development laboratory at Stanford Industrial Park in Palo Alto, California, which, while primarily concerned with Friden business equipment, will also contribute significantly to other product areas of the Company.

A microfiche program was activated to increase the speed and reduce the cost of the exchange of technical information between the Company's more than fifty centers of technical activity.

In a reorganization of the corporate research and development function, those technical personnel identified with product development and design were transferred in 1967 to operating divisions, freeing the remaining research and development staff to concentrate on the longer range aspects of product development, and exploration and development of new product areas.

The scope of technical activity in 1967 included the development of new concepts of micro-circuit assembly; new "read only" memory circuits; yarn trimmers for textile industry applications; solid state controllers and improved components for household sewing machines; integral insulated power tools; a tape-to-tape converter; static card readers; textile bonding techniques; fluidic sensors; and a new automated roll goods sewing system.

New developments in the rapid access area make possible almost instantaneous development of optical or infrared photographs for surveillance purposes. Experimental and analytical explorations into thread handling give promise of improved sewing systems for tomorrow. Modern electronic techniques involving integrated circuits are being applied in the laboratory to both sewing and textile machinery. Use of computers for the solution of scientific problems has grown at an exploding rate.

Other significant accomplishments in the research and development field during 1967 were:

- Eleven new major office equipment products were produced by the Friden Division; research and development was completed on a larger number for 1968.
- New technical contributions to tufting and knitting machinery were acclaimed at international exhibits.
- The extensive line of power hand tools was about thirty per cent new in 1967.
- Designs were released for new product lines in each of our major sewing machine factories.

- New high temperature heating cables, new industrial style heating units, and new heating and air-conditioning units for classrooms were introduced.

- HRB-Singer has developed new electromagnetic equipment being used by the U.S. Government for highly sophisticated surveillance applications.

- A substantial portion of shipments of the Metrics Division were products entirely new in 1967, including a widely accepted high resolution spectrum analyzer and new noise and field intensity meters.

The improving technical posture of the Company may be expected to result in further growth of existing product lines and the development of new product concepts in 1968.



In 1967 construction was begun at Stanford Industrial Park in Palo Alto, California, of a new advanced Company research center. The building of this facility with its laboratories, library, conference and service units symbolizes Singer's commitment to advanced research in integrated circuits, microsystems, computers and electronic design.



Singer manufactures its products in 30 countries. Wherever the Company operates, it employs local nationals and provides them with the training and opportunity to develop new skills. Some of the indigenous talents at the Company's factory in Maltepe, Turkey, are represented by (left to right) Arkun Onder, time study engineer; Aktan Ali Riza, foundry worker; Ata Lutlu, quality controller; Celik Mithat, grinder; Baspinar Mehmet, cabinetmaker; Sokullu Muradiye, machinist; and Ilkesen Birol, production manager.



Personnel and Organization

	1967	1966	1965	1964	1963
Wages, Salaries and Employee Benefits	\$457.0	\$419.4	\$392.7	\$357.3	\$326.3
(Amounts in Millions)					

Personnel and Organization

Human resources are vital to the Company's continued success. To keep employment with Singer attractive to talented and dedicated people, we strive continually to improve career opportunities, maintain competitive wage and compensation programs, and provide pensions, group insurance and other benefits in accordance with sound industrial practice.

Wages and salaries are kept competitive by continuing studies of prevailing levels of compensation. Systems of job evaluation and performance appraisal assure that wages and salaries are equitable in terms of job content and individual achievement.

Approximately 14,000 employees had purchased shares in the Employees Stock Purchase Plan by the end of 1967 when the Plan expired. Shareholders will be asked to authorize a new Plan at the Annual Meeting on May 1, 1968.

RECRUITMENT AND TRAINING

In anticipation of future growth, particular emphasis has been placed on the recruitment of individuals with superior potential. To this end, the Company's college relations activities have been strengthened and expanded. Within the United States we fully support the Government's Equal Employment Opportunity Program and in all countries are making a particular effort to recruit and train local nationals for supervisory and management responsibilities.

Recognizing the importance of managerial skills and career development, the Company intensified its program of management development during 1967. A variety of training programs including the use of university courses in business administration were utilized. In addition, seminars, individual training programs, and conferences were attended by employees at every managerial level. During 1967, there were 836 employees who participated in the Tuition Aid Program through which the Company provides financial support to employees wishing to advance their educational qualifications.

LABOR RELATIONS

Labor relations were generally satisfactory during 1967. Ten new labor contracts were successfully negotiated in the United States with two short term interruptions of operations. Production at the San Leandro plant was adversely affected by a four week strike by a union representing a small number of employees. This work stoppage followed a peaceful settlement with a union representing production and maintenance workers. More serious were two strikes of retail organization employees in Turkey and the Philippines. Both of these strikes have now been settled.

EXECUTIVE CHANGES

In addition to the executive appointments reported in the

President's Letter, the following were appointed Vice Presidents of the Company during 1967:

Harry W. Armstrong, Director of Consumer Products Marketing—United States; John E. McConaughy, Jr., Director of Consumer Products Marketing—Europe; William A. Prior, Corporate Diversification; Millard H. Pryor, Jr., General Manager, Industrial Products Division; and Arthur E. Reinhold, General Manager, Wood Products Division.

The following Vice Presidents were reassigned:

Donald G. Robbins, Jr. to Treasurer and Chief Financial Officer; Ralph P. Benn to Deputy Group Executive, North Atlantic Consumer Products Group; and Donald D. Marsden to Assistant to the President.



An important activity of the Company is attracting bright, young people into its ranks. Singer college relations people are active on the nation's campuses not only recruiting but keeping abreast of the new challenges and responsibilities that students are looking for when choosing careers. Here John Steele, Placement Director of the Harvard Business School, (left) is visited by Robert C. Clark, Singer Manager of Recruitment.

Financial Review

NET INCOME AND DIVIDENDS

Net income was \$4.71 per share in 1967 compared with \$4.44 in 1966, based on average shares outstanding in each year. This was an increase of 6.1 per cent. Net income in 1967 totaled \$50.2 million which was also 6.1 per cent higher than 1966 net income of \$47.3 million.

Cash dividends paid in 1967 and 1966 were \$2.20 per share. The quarterly rate has been increased in 1968 from 55 to 60 cents per share.

NET SALES

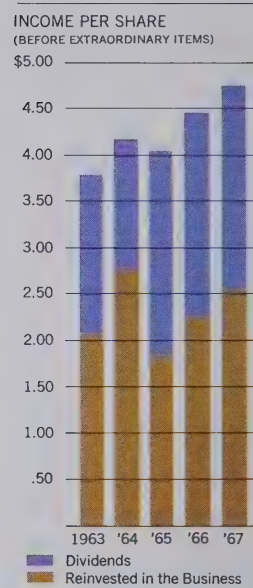
Sales in 1967 totaled a record \$1,137.7 million and were \$88.5 million or 8.4 per cent higher than 1966 sales.

Sales of our traditional products, household and industrial sewing machines and related items, amounted to \$592.7 million in 1967 and were 52.1 per cent of the total. In 1966 sales of such products were \$565.1 million or 53.9 per cent of the total.

Sales of other products, which comprised 47.9 per cent of the total were \$545.0 million. This was an increase of 12.6 per cent over 1966 sales of \$484.1 million.

In 1967 foreign sales were 49.9 per cent of the total compared with 51.3 per cent in 1966. Sales in the United States increased 11.6 per cent while foreign sales increased 5.4 per cent.

Sales by major geographical area are shown in the following table:



	<u>1967</u>		<u>1966</u>	
	(Amounts in Millions)			
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
United States	\$ 570.1	50.1%	\$ 510.7	48.7%
Europe	270.8	23.8	248.4	23.7
Latin America	128.8	11.3	124.4	11.8
Far East	82.2	7.2	82.9	7.9
Africa and the Near East	48.5	4.3	50.1	4.8
Canada	37.3	3.3	32.7	3.1
	<u>\$1,137.7</u>	<u>100.0%</u>	<u>\$1,049.2</u>	<u>100.0%</u>

OTHER REVENUE

Revenue from sources other than sales totaled \$11.4 million in 1967 as compared with \$10.3 million in 1966. This revenue consisted of interest, dividends, rents, royalties and other income, as shown in the statements of income.

SALARIES, WAGES AND EMPLOYEE BENEFITS

During 1967 the Company and its subsidiaries paid \$457.0 million to employees directly as salaries and wages or indirectly through Company or government benefit programs. This amount includes the cost of pensions, social security taxes, workmen's compensation insurance, group life insurance, unemployment insurance, health insurance and other benefits.

The Company has several pension plans covering substantially all of its employees who meet eligibility requirements. The Company's annual cost, which includes amounts for current service and for amortization of prior services over periods not exceeding 20 years, amounted to \$3.6 million in 1967 and \$4.0 million in 1966.

TAXES

The amount of income and general taxes charged to income in 1967 (excluding social benefit taxes) totaled \$70.4 million.

WORKING CAPITAL

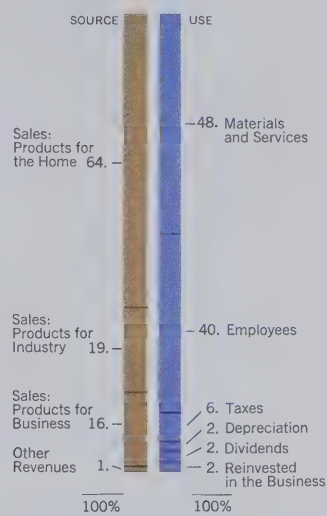
Funds were derived from:

	1967	1966
	(Amounts in Millions)	
Net income before deducting depreciation and amortization which do not require a current outlay of funds	\$ 79.7	\$ 74.7
Proceeds from long-term debt	13.5	72.7
Net proceeds from treasury shares	4.3	—
	<u>97.5</u>	<u>147.4</u>

Funds were used for:

Net additions to property, plant and equipment	52.6	38.7
Increase in investments in and advances to affiliates	15.3	29.9
Net purchases of treasury shares	—	25.1
Dividends to shareholders	23.2	23.4
Net change in other non-current assets and non-current liabilities	5.9	2.9
	<u>97.0</u>	<u>120.0</u>
Net increase in working capital for year	0.5	27.4
Working capital at beginning of year	381.7	354.3
Working capital at end of year	<u>\$382.2</u>	<u>\$381.7</u>

THE 1967 REVENUE DOLLAR



Current assets increased \$18.6 million, while current liabilities increased \$18.1 million, reflecting a higher level of receivables and inventories necessary to support the increased sales volume.

Inventories are summarized in the following table. Amounts stated are at the lower of cost, exclusive of certain indirect manufacturing expenses, or market.

	<u>1967</u>	<u>1966</u>
	(Amounts in Millions)	
Finished goods	\$197.3	\$198.0
Work in process	93.2	87.4
Raw materials and supplies	31.6	30.4
	<u>\$322.1</u>	<u>\$315.8</u>

Accounts receivable—net shown on the balance sheet is after deduction of unearned carrying charges on instalment sales and allowances for doubtful accounts. These deductions totaled \$68.6 million in 1967 and \$73.2 million in 1966.

INVESTMENTS IN AND ADVANCES TO AFFILIATED COMPANIES

The financial statements include the operating results of all subsidiaries in which the Company's ownership exceeded 75 per cent with the exception of wholly-owned finance companies.

Investments in and advances to affiliated companies are included at a total cost of \$24.7 million while investments in and advances to wholly-owned finance companies are included at cost plus undistributed net income aggregating \$37.1 million. Net income of these finance companies, which is included in the Consolidated Statements of Income, totaled \$2.0 million in 1967 and \$1.7 million in 1966.

The combined balance sheets of the wholly-owned finance companies at December 31, 1967 and 1966 are summarized below:

	<u>1967</u>	<u>1966</u>
	(Amounts in Millions)	
Instalment accounts receivable	\$137.2	\$ 97.6
Cash and other assets	7.1	4.1
	<u>\$144.3</u>	<u>\$101.7</u>
Notes payable—unsecured	\$ 97.5	\$ 68.9
Other liabilities	1.1	1.3
Payables to affiliates	17.6	11.3
Long-term debt	8.9	5.0
Equity	19.2	15.2
	<u>\$144.3</u>	<u>\$101.7</u>

PROPERTY, PLANT AND EQUIPMENT

The balances at December 31, 1967 and 1966 were:

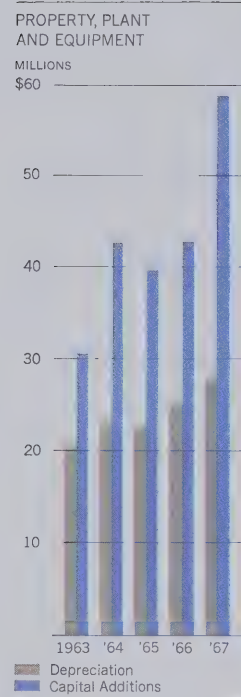
	1967 (Amounts in Millions)	1966
Property, plant and equipment at cost:		
Land	\$ 13.2	\$ 13.2
Buildings, less accumulated depreciation of \$44.9, 1967 and \$49.3, 1966	47.8	43.8
Machinery and equipment, less accumulated deprecia- tion of \$171.6, 1967 and \$157.4, 1966	124.1	105.3
Construction in progress	8.9	6.8
	<u>\$194.0</u>	<u>\$169.1</u>

Gross additions in 1967 amounted to \$58.9 million. Disposals of property, plant and equipment (net of accumulated depreciation) amounted to \$6.3 million. The provision for depreciation in 1967 was \$27.7 million compared with \$25.0 million in 1966.

OTHER ASSETS

Other assets at December 31, 1967 and 1966 were as follows:

	1967 (Amounts in Millions)	1966
Prepaid expenses	\$ 11.7	\$ 9.0
Deferred charges	15.2	10.1
Mortgages and other	7.2	14.0
Intangibles, less amortization	14.4	9.6
Deposits	6.9	5.7
	<u>\$ 55.4</u>	<u>\$ 48.4</u>



FOREIGN NET ASSETS

Net assets located outside the United States are expressed in U.S. dollars at appropriate exchange rates. Foreign net assets at December 31, 1967 and 1966 by major geographical area were:

	<u>1967</u>	<u>1966</u>
	(Amounts in Millions)	
Europe	\$142.6	\$134.3
Latin America	89.1	82.7
Far East	41.9	44.0
Africa and the Near East	30.4	29.8
Canada	17.1	17.7
	<u>\$321.1</u>	<u>\$308.5</u>

FEDERAL AND FOREIGN INCOME TAXES

The amounts for Federal and foreign income taxes include deferred taxes related to instalment sales and to inter-company profits in inventories.

LONG-TERM DEBT

Long-term debt, less amounts due within one year, consisted principally of unsecured promissory notes requiring payments each year to maturity. The amounts due within one year, \$4.0 million at December 31, 1967 and \$3.8 million at December 31, 1966, are included in current liabilities.

<u>INTEREST</u> <u>RATES</u>	<u>MATURITIES</u>	<u>1967</u>	<u>1966</u>
		(Amounts in Millions)	
6½%–7⅞%	1969	\$ 18.5	\$ 24.0
5%	1973	1.6	2.0
4%–4⅛%	1977	21.9	23.1
5⅝%	1986	50.0	50.0
4⅞%–7¼%	1969	17.7	—
Others		24.7	21.8
		<u>\$134.4</u>	<u>\$120.9</u>

COMMON STOCK OPTIONS

Under the Company's stock option plan, options to purchase common stock of the Company may be granted to executive employees at prices not less than market value on the dates of grant. Generally, these options expire in five years.

The changes for the year in options outstanding under the stock option plan and a stock purchase plan for employees which expired January 2, 1968 are as follows:

	<u>SHARES</u>	<u>OPTION PRICES</u>
Options outstanding at January 1, 1967	257,828	\$27.00-96.13
Options granted	171,620	39.25-76.75
	<u>429,448</u>	
Less:		
Options exercised	114,730	28.38-67.75
Options terminated	21,498	34.25-82.38
	<u>136,228</u>	
Options outstanding at December 31, 1967	<u>293,220</u>	27.00-96.13

Shares available for options at January 1, 1967 were 128,225 and at December 31, 1967 were 275,000.

COMMITMENTS

The Company conducts a large part of its marketing operations in leased premises. Leases which expire are generally renewed or replaced by leases on other similar properties. The minimum rental commitment under leases and rental agreements in effect as of December 31, 1967 aggregated \$24.1 million annually.

Consolidated Statements of Income and Retained Earnings

For the Years Ended December 31, 1967 and 1966

	1967	1966
	(Amounts in Thousands)	
INCOME		
Revenue:		
Net sales	\$1,137,653	\$1,049,227
Interest and dividends	3,394	4,529
Rents and royalties	1,619	1,604
Other	6,430	4,152
	<u>1,149,096</u>	<u>1,059,512</u>
Costs and expenses:		
Costs and other operating charges	598,968	542,998
Selling and administrative expenses	444,558	418,398
Interest	22,396	19,206
Provision for Federal and foreign income taxes	33,020	31,630
	<u>1,098,942</u>	<u>1,012,232</u>
NET INCOME	<u>\$ 50,154</u>	<u>\$ 47,280</u>
Net income per share	\$ 4.71	\$ 4.44

RETAINED EARNINGS		
Retained earnings, beginning of year	\$ 364,151	\$ 343,419
Add net income	50,154	47,280
	<u>414,305</u>	<u>390,699</u>
Less: Dividends paid (per share 1967 and 1966 \$2.20)	23,178	23,367
Cost of treasury stock in excess of:		
Proceeds of sales to employees	1,967	2,557
Net assets of pooled company	656	624
	<u>25,801</u>	<u>26,548</u>
Retained earnings, end of year	<u>\$ 388,504</u>	<u>\$ 364,151</u>

See Financial Review, pages 36 to 41.

Consolidated Balance Sheets

December 31, 1967 and 1966

ASSETS	1967	1966
	(Amounts in Thousands)	
Current assets:		
Cash	\$ 30,289	\$ 27,135
Marketable securities	21,800	33,854
Accounts receivable—net	363,736	342,462
Inventories	322,087	315,847
Total current assets	737,912	719,298
Investments in and advances to affiliated companies	61,818	46,567
Property, plant and equipment—net	194,047	169,085
Other assets	55,396	48,382
	<u>\$1,049,173</u>	<u>\$ 983,332</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 99,878	\$ 97,020
Loans and overdrafts (principally foreign banks)	181,347	166,460
Federal and foreign income taxes	74,484	74,087
Total current liabilities	355,709	337,567
Long-term debt	134,432	120,937
Other non-current liabilities	32,738	29,778
Reserve for realization of foreign assets	60,000	60,000
	582,879	548,282
Shareholders' equity:		
Preferred stock—no par value:		
Authorized 2,000,000 shares; issued none	—	—
Common stock—par value \$10 per share:		
Authorized 15,000,000 shares; issued 11,233,715 shares	112,337	112,337
Retained earnings	388,504	364,151
	500,841	476,488
Less: Cost of common stock in treasury (569,094 shares in 1967; 695,824 in 1966)	34,547	41,438
Total shareholders' equity	466,294	435,050
	<u>\$1,049,173</u>	<u>\$ 983,332</u>

See Financial Review, pages 36 to 41.

Financial Summary

EARNINGS (Amounts in Thousands)	1967
Net sales	\$1,137,653
Other revenue	11,443
	<u>1,149,096</u>
Costs and expenses:	
Costs and other operating charges	598,968
Selling and administrative expenses	444,558
Interest	22,396
Income taxes	33,020
	<u>1,098,942</u>
Income (before extraordinary items)	50,154
Extraordinary items, net of tax	—
Net income (after extraordinary items)	<u>50,154</u>

FINANCIAL POSITION (Amounts in Thousands)	
Working capital	382,203
Cash and marketable securities	52,089
Accounts receivable-net	363,736
Inventories	322,087
Property, plant and equipment-net	194,047
Long-term debt	134,432
Retained earnings	388,504
Shareholders' equity	466,294

OTHER DATA

Per share of common stock:	
Income (before extraordinary items)	4.71
Extraordinary items	—
Dividends paid	2.20
Shareholders' equity	43.79
Current ratio	2.1
Number of shareholders	38,841

* Gain on sale of timberlands in South Carolina and pulp mill and other properties in Canada—net of \$1,266,000 taxes.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors
of The Singer Company:

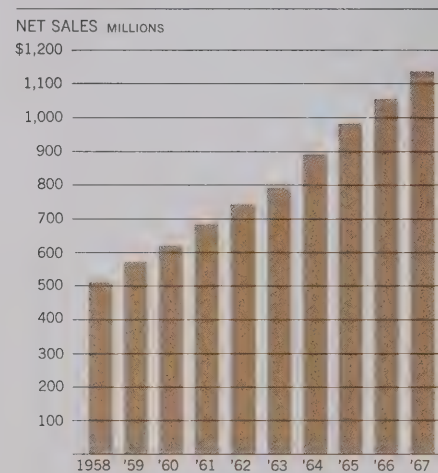
We have examined the consolidated balance sheet of The Singer Company and consolidated subsidiaries as of December 31, 1967 and the related statements of income and retained earnings for the year then ended.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of The Singer Company and consolidated subsidiaries at December 31, 1967 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

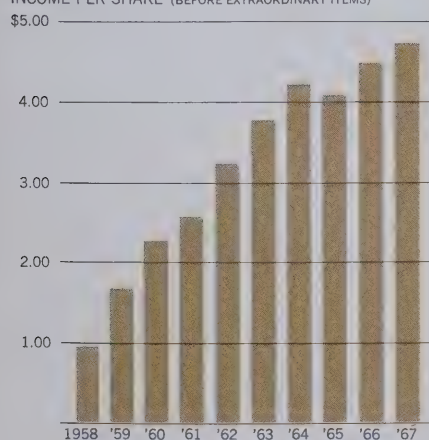
Peat, Marwick, Mitchell & Co.

New York, New York
March 14, 1968

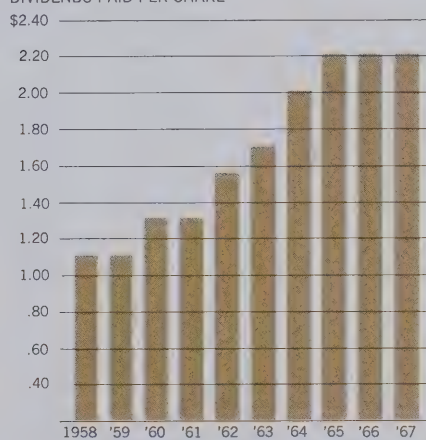


1966	1965	1964	1963	1962	1961	1960	1959	1958
\$1,049,227	\$979,757	\$896,239	\$790,188	\$743,988	\$682,796	\$614,217	\$571,926	\$507,018
10,285	8,475	8,120	9,894	7,607	6,744	7,767	6,142	3,870
1,059,512	988,232	904,359	800,082	751,595	689,540	621,984	578,068	510,888
542,998	523,803	471,082	403,832	376,008	352,489	315,826	293,946	263,140
418,398	375,478	342,505	307,783	293,550	270,774	249,005	237,901	220,632
19,206	14,395	11,599	9,300	9,213	8,630	5,948	3,993	2,721
31,630	30,060	32,679	37,624	37,265	29,523	26,681	23,784	14,186
1,012,232	943,736	857,865	758,539	716,036	661,416	597,460	559,624	500,679
47,280	44,496	46,494	41,543	35,559	28,124	24,524	18,444	10,209
—	—	6,337*	—	5,327	—	1,132	2,926	—
47,280	44,496	52,831	41,543	40,886	28,124	25,656	21,370	10,209
381,731	354,251	356,725	332,384	342,079	332,494	327,674	337,175	325,935
60,989	51,623	56,285	63,896	80,808	73,239	65,793	78,130	55,049
342,462	342,694	311,907	264,759	243,630	223,976	211,058	180,831	153,852
315,847	278,744	269,401	233,762	212,717	212,244	201,025	181,501	198,507
169,085	155,400	142,554	151,769	144,185	144,567	142,198	127,680	124,985
120,937	48,199	48,371	49,095	52,770	54,559	60,829	57,423	51,854
364,151	343,419	325,655	300,531	284,052	265,543	242,500	228,872	215,743
435,050	436,203	426,354	402,025	391,752	374,490	351,515	337,547	324,527
4.44	4.03	4.19	3.75	3.20	2.53	2.22	1.67	.93
—	—	.57	—	.48	—	.10	.27	—
2.20	2.20	2.00	1.70	1.55	1.30	1.30	1.10	1.10
40.85	39.50	38.42	36.29	35.26	33.64	31.77	30.63	29.56
2.1	2.1	2.3	2.4	2.8	2.9	3.2	4.3	5.0
35,998	32,323	27,971	22,252	11,406	12,030	11,889	10,918	9,589

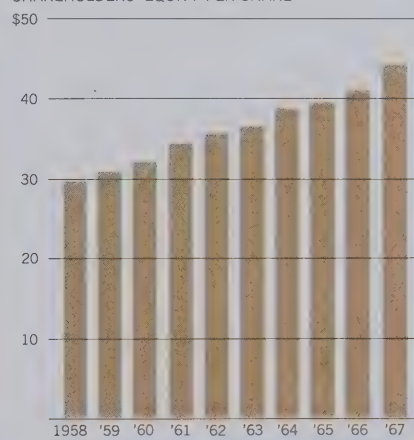
INCOME PER SHARE (BEFORE EXTRAORDINARY ITEMS)



DIVIDENDS PAID PER SHARE



SHAREHOLDERS' EQUITY PER SHARE



Manufacturing Facilities

UNITED STATES

Anderson, South Carolina

Floor care equipment and electric motors

Arcadia, California

Silico-ceramic insulation material

Auburn, New York

Space heating and air conditioning equipment

Bridgeport, Connecticut

Instrumentation and control equipment

Cambridge, Massachusetts

High fidelity equipment

Chattanooga, Tennessee

Tufting machinery and textile finishing equipment

Clifton, New Jersey

Mechanized sewing and work handling systems

Corry, Pennsylvania

Steel office furniture

Elizabeth, New Jersey

Household and industrial sewing machines

Finderne, New Jersey

Industrial motors and control components

Lakeville, Indiana

Wiring harnesses, tapes and cables

Lewistown, Pennsylvania

Mailroom equipment

Los Angeles, California

Electronic control equipment

Los Angeles, California

Instrumentation

Meadville, Pennsylvania

Industrial heating devices

Monroe, North Carolina

Industrial knitting machines

Mount Laurel, New Jersey

Information systems

New Carlisle, Indiana

Freeze protection and snow melting equipment

North Hollywood, California

Instrumentation

Ozone Park, New York

Industrial knitting machines

Pickens, South Carolina

Portable electric tools

Reedsville, Pennsylvania

Playground equipment

Rochester, New York

Business systems and graphic arts equipment

Rolling Prairie, Indiana

Electric wiring

St. Louis, Missouri

Central heating and air conditioning equipment

San Leandro, California

Business equipment

Schiller Park, Illinois

Graphic arts and production control equipment

Selma, Alabama

Furniture

State College, Pennsylvania

Information systems

Toccoa, Georgia

Furniture

Trucksville, Pennsylvania

Hydronic boilers

Trumann, Arkansas

Sewing machine cabinets and furniture

EUROPE

Alencon, France

Sewing machine cabinets

Blackburn, England

Tufting and finishing equipment

Blankenloch, Germany

Industrial sewing machines

Bonnieres, France

Household sewing machines and electric motors

Cologne, Germany

Flocking equipment

Clydebank, Scotland

Household and industrial sewing machines

Creussen, Germany

Industrial knitting machines

Dulken, Germany

Thread

Karlsruhe, Germany

Household sewing machines

Leini, Italy

Washing machines and refrigerators

Mechelen, Belgium

Adding machines and calculators

Monza, Italy

Household sewing machines

Nijmegen, Holland

Business systems equipment

Wurselen, Germany

Needles

FAR EAST

Chittagong, Pakistan

Household sewing machines

Colombo, Ceylon

Household sewing machines and cabinets

Karachi, Pakistan

Household sewing machines

Klong Toey, Thailand

Household sewing machines and television sets

Madurai, India

Needles

Matsumoto, Japan

Sewing machine cabinets

Petaling Jaya, Malaysia

Household sewing machines

Taichung, Taiwan

Household sewing machines

Taytay, Philippines

Household sewing machines and cabinets

Utsunomiya, Japan

Household and industrial sewing machines

LATIN AMERICA

Bogota, Colombia

Household sewing machines

Buenos Aires, Argentina

Household sewing machines

Campinas, Brazil

Household sewing machines

Lima, Peru

Household sewing machines

Queretaro, Mexico

Household sewing machines

CANADA

St. Johns, Quebec

Household sewing machines and electric motors

AFRICA AND THE NEAR EAST

Apapa, Nigeria

Household sewing machines and cabinets

Casablanca, Morocco

Household sewing machines and cabinets

Johannesburg, South Africa

Household sewing machines

Kinshasa, Republic of Congo

Sewing machine cabinets

Maltepe, Turkey

Household sewing machines and cabinets

Nairobi, Kenya

Household sewing machines and cabinets

Tunis, Tunisia

Household sewing machines and cabinets

Principal Products and Services

FOR THE HOME

Sewing machines
Electric heaters
Fabrics
Floor waxers and polishers
Furniture
High fidelity systems
Kitchen ranges
Knitting machines
Notions and patterns
Phonographs and records
Portable electric power tools
Radios
Refrigerators
Television sets
Typewriters
Vacuum cleaners
Washing machines

FOR INDUSTRY

Sewing machines and allied equipment
Air conditioning systems
Beacon transmitters
Broad band amplifiers
Circular knitting machines
Dehumidifiers
Dye becks
Electric space heaters
Flat bed knitting machines
Flocking equipment
Freeze protection devices
Heating tapes
Hosiery and knitting machines
Hydronic boilers
Infrared systems
Latex and durable press ovens
Microwave test instruments
Plastic moldings
Pressing equipment
Radio frequency interference test equipment
Resolvers
Servomotors
Signal conditioners
Signal generators
Silico-ceramic insulation materials
Special purpose electric motors
Spectrum analyzers
Textile laminating and bonding equipment
Ticket printers
Tufting machines
Wire harnesses

FOR BUSINESS

Adding machines
Calculators
Communications terminals
Data processing equipment
Document conveying systems
Graphic arts equipment
Mailing machines
Mailroom equipment
Office furniture
Postage meters
Tape punches

ANNUAL MEETING

The Annual Meeting of Shareholders
of the Company will be held at the Hotel Mark Hopkins
San Francisco, California,
on Wednesday, May 1, 1968

TRANSFER AGENTS

Bankers Trust Company
New York, New York

Crocker-Citizens National Bank
San Francisco, California

Registrar and Transfer Company
Jersey City, New Jersey

REGISTRARS

Morgan Guaranty Trust Company of New York
New York, New York

The Bank of California National Association
San Francisco, California

Commercial Trust Company of New Jersey
Jersey City, New Jersey

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